

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 0786-01
Bill No.: HB 198
Subject: Pharmacy; Insurance - Medical
Type: Original
Date: February 6, 2016

Bill Summary: This proposal prohibits a health carrier or health benefit plan from denying coverage for dispensing drugs prescribed for the treatment of chronic illnesses to synchronize the refilling or prescriptions for a patient.

FISCAL SUMMARY

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND			
FUND AFFECTED	FY 2016	FY 2017	FY 2018
General Revenue	(Greater than \$61,000)	(Greater than \$61,000)	(Greater than \$61,000)
Total Estimated Net Effect on General Revenue Fund	(Greater than \$61,000)	(Greater than \$61,000)	(Greater than \$61,000)

ESTIMATED NET EFFECT ON OTHER STATE FUNDS			
FUND AFFECTED	FY 2016	FY 2017	FY 2018
Insurance Dedicated	Up to \$5,700	\$0	\$0
Other State Funds	(Greater than \$14,000)	(Greater than \$14,000)	(Greater than \$14,000)
Total Estimated Net Effect on <u>Other</u> State Funds	(Greater than \$8,300)	(Greater than \$14,000)	(Greater than \$14,000)

Numbers within parentheses: () indicate costs or losses. This fiscal note contains 6 pages

ESTIMATED NET EFFECT ON FEDERAL FUNDS			
FUND AFFECTED	FY 2016	FY 2017	FY 2018
Federal	(Greater than \$25,000)	(Greater than \$25,000)	(Greater than \$25,000)
Total Estimated Net Effect on <u>All</u> Federal Funds	(Greater than \$25,000)	(Greater than \$25,000)	(Greater than \$25,000)

ESTIMATED NET EFFECT ON FULL TIME EQUIVALENT (FTE)			
FUND AFFECTED	FY 2016	FY 2017	FY 2018
Total Estimated Net Effect on FTE	0	0	0

☐ Estimated Net Effect (expenditures or reduced revenues) expected to exceed \$100,000 in any of the three fiscal years after implantation of the act.

ESTIMATED NET EFFECT ON LOCAL FUNDS			
FUND AFFECTED	FY 2016	FY 2017	FY 2018
Local Government	\$0	\$0	\$0

FISCAL ANALYSIS

ASSUMPTION

Officials from the **Missouri Consolidated Health Care Plan (MCHCP)** state the proposal prohibits a health carrier or health benefit plan from denying coverage for dispensing drugs prescribed for the treatment of chronic illnesses to synchronize the refilling or prescriptions for a patient.

MCHCP's copayment structure is set for prescriptions up to a 30 day supply, 60 day supply or 90 day supply. There is not proration for supplies less than those milestones. Therefore, the impact to MCHCP is unknown but greater than \$100,000.

Oversight assumes costs to the MCHCP will be distributed across state funds in the following percentages:

General Revenue	61%
Other State Funds	14%
Federal Funds	25%

Officials from the **Department of Insurance, Financial Institutions and Professional Registration** state that insurers would be required to submit amendments to their policies to comply with the legislation. Policy amendments must be submitted to the department for review along with a \$50 filing fee. The number of insurance companies writing these policies in Missouri fluctuates each year. One time additional revenues to the Insurance Dedicated Fund are estimated to be up to \$5,700.

Additional staff and expenses are not being requested with this single proposal, but if multiple proposals pass during the legislative session which required policy form reviews the department will need to request additional staff to handle increase in workload.

Officials from the **Department of Mental Health, the Missouri Department of Conservation, the Department of Social Services, and the Department of Transportation** each assume the current proposal will not fiscally impact their respective agencies.

Officials from the **Department of Public Safety - Missouri Highway Patrol** defer to Department of Transportation for fiscal impact.

Officials from the **Department of Health and Senior Services** defer to Office of Administration for statewide fiscal impact.

LO:LR:OD

<u>FISCAL IMPACT - State Government</u>	FY 2016 (10 Mo.)	FY 2017	FY 2018
GENERAL REVENUE FUND			
<u>Costs - MCHCP</u>			
Prorating Prescriptions	<u>(Greater than \$61,000)</u>	<u>(Greater than \$61,000)</u>	<u>(Greater than \$61,000)</u>
ESTIMATED NET EFFECT ON GENERAL REVENUE FUND	<u>(Greater than \$61,000)</u>	<u>(Greater than \$61,000)</u>	<u>(Greater than \$61,000)</u>
INSURANCE DEDICATED FUND			
<u>Revenues - DIFP</u>			
Policy Amendment Fees	<u>Up to \$5,700</u>	<u>\$0</u>	<u>\$0</u>
ESTIMATED NET EFFECT ON INSURANCE DEDICATED FUND	<u>Up to \$5,700</u>	<u>\$0</u>	<u>\$0</u>
OTHER STATE FUNDS			
<u>Costs - MCHCP</u>			
Prorating Prescriptions	<u>(Greater than \$14,000)</u>	<u>(Greater than \$14,000)</u>	<u>(Greater than \$14,000)</u>
ESTIMATED NET EFFECT ON OTHER STATE FUNDS	<u>(Greater than \$14,000)</u>	<u>(Greater than \$14,000)</u>	<u>(Greater than \$14,000)</u>
FEDERAL FUNDS			
<u>Costs - MCHCP</u>			
Prorating Prescriptions	<u>(Greater than \$25,000)</u>	<u>(Greater than \$25,000)</u>	<u>(Greater than \$25,000)</u>
ESTIMATED NET EFFECT ON FEDERAL FUNDS	<u>(Greater than \$25,000)</u>	<u>(Greater than \$25,000)</u>	<u>(Greater than \$25,000)</u>
<u>FISCAL IMPACT - Local Government</u>	FY 2016 (10 Mo.)	FY 2017	FY 2018
	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

FISCAL IMPACT - Small Business

No direct fiscal impact to small businesses would be expected as a result of this proposal.

FISCAL DESCRIPTION

This proposal requires a health carrier and health benefit plan that provides prescription drug coverage in the state to permit and apply a prorated daily cost-sharing rate to prescriptions that are dispensed by a network pharmacy for less than a 30 day supply if the prescriber or pharmacist indicates the fill or refill could be in the best interest of the patient or is for the purpose of synchronizing the patient's chronic medications.

A health carrier or health benefit plan that provides prescription drug coverage is prohibited from denying coverage for the dispensing of any drug prescribed for the treatment of a chronic illness that is made in accordance with a plan among the insured, the prescriber, and a pharmacist to synchronize the refilling of multiple prescriptions for the insured. The proposal prohibits a health carrier or health benefit plan providing prescription drug coverage from using payment structures incorporating prorated dispensing fees determined by calculation of the days' supply of medication dispensed and requires dispensing fees to be determined exclusively on the total number of prescriptions dispensed.

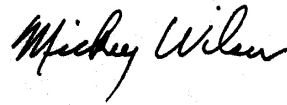
This legislation is not federally mandated, would not duplicate any other program and would not require additional capital improvements or rental space.

SOURCES OF INFORMATION

Missouri Consolidated Health Care Plan
Department of Transportation
Department of Insurance, Financial Institutions and Professional Registration
Department of Health and Senior Services
Department of Social Services
Department of Mental Health
Missouri Department of Conservation
Department of Public Safety

Ross Strope

Mickey Wilson, CPA
Assistant Director
February 6, 2015

A handwritten signature in black ink that reads "Mickey Wilson". The signature is written in a cursive, flowing style.

Director
February 6, 2015